

25 JUN 1957

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Extract from the Inspector General Summary Report on Contacts with Various Agency Components on 30 April 1957

1. In accordance with request contained on routing slip dated 31 May 1957 transmitting the subject extract, following are comments which we believe are pertinent to the views expressed by the Inspector General:

a. It is not believed that 50 fiscal personnel in headquarters components outside of the Office of the Comptroller is necessarily a disproportionate number of such personnel assigned to such components. The budget and fiscal work performed in the operating offices is of a character which should be done by personnel working very closely with operating personnel. This type of work is not considered normal function of a central office.

The development of budget estimates, the maintenance and review of obligation records, the administrative review of field accountings and similar functions can only be performed within the actual operating components, if such activities are to be effectively carried out. Determination as to whether the numbers of budget and fiscal personnel at headquarters components are fully justified can only be made on the basis of a review and evaluation of the actual work being performed.

b. The problem of recruiting and retaining clerical employees is well known throughout the Agency.

c. The interpretation of attitude on the part of fiscal officers reflected in the extract is most disturbing, particularly since it belies completely the expressed policy, procedures and practices of this Office in the handling of operational accounts. The myriad of cases wherein claims have been passed on the basis of reliance on the operational review and approval without adequate supporting documentation as required under normal standards relating to accounting for funds furnishes, we believe, adequate evidence of this fact.

Our policies in this regard are further attested by formal issuances such as:

(1) Memorandum to Comptroller from Chief, Finance Division, dated 14 May 1956, Subject: "Accounting for Confidential Funds," wherein the importance of placing emphasis on the "substance" rather than the "form" of accounting requirements was emphasized.

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(2) Comptroller Instruction No. 30, dated 10 November 1956, wherein the above concept was further emphasized and interpreted, particularly as it relates to accounting requirements for subsidy projects.

(3) Operations and Liaison Branch Notice No. 26, Subject: "Operational Entertainment at Class "B" Stations," which interpreted [REDACTED] in such manner as to avoid the necessity for many suspensions. (This item is especially significant, since it relates to the items comprising the largest single group of suspensions.)

(4) Finance Division Operating Procedure No. 30-210-1, Subject: "Examination and Certification of Accounts," wherein Certifying Officers were specifically authorized to pass certain technically incorrect and improper items in claims.

2. Notwithstanding our expressed policy which is designed to place the administration of accounts on a completely realistic and substantive basis, situations arise wherein due to personalities, ineptness in expressing the nature of action in correspondence, etc., operational officials are irritated by our handling of accounts. We constantly strive to overcome this problem by so handling financial transactions and the conduct of our affairs as to attain the best possible "public relations." It is difficult, however, to deny payments to individuals in circumstances where the individual feels strongly that he is entitled to the payment but the payment is denied by law, regulations, or lack of required administrative or operational authority and still leave him without a feeling of bitterness toward the officer whose responsibility it is to advise him of the impropriety of the claim.

3. There is, of course, also another side to the problem of "attitudes" regarding the administration of the financial affairs of the Agency. This is the problem of the operating official who does not or refuses to understand the necessity for and the basic techniques which need to be observed, for the preservation and protection of his own reputation and integrity, as well as for the protection of the Director and the taxpayer in the use of official funds. This individual is most often identified by his reaction to each and every request for official justification, or documentary support to his use of funds and the fact that more often than not he loudly proclaims that such requests impugn his integrity. Such an attitude is, of course, ridiculous in the light of generally accepted standards and procedures relating to use of funds, and is indicative of naivete and inexperience in the substantive responsibilities which accrue to persons who are trusted with the use of funds other than their own.

4. Fortunately the attitude described above is evidenced in only a decreasing minority of operational officials with whom we come in contact. Occasionally, however, the attitude is manifested in an official who by reason of his position and contacts may do much to negate efforts to establish a proper and mutually satisfactory working relationship between Support and

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Operational components. In the case of the subject contact with Finance Division, the representative of the Inspector General who contacted Mr. [REDACTED] reflected an attitude such as described above to such an extent that efforts to place the real problems which he presented in perspective appeared to be completely frustrated. His primary theme was that "Finance has no right and should never question the propriety or adequacy of support for any disbursement by an operational official." He reiterated on several occasions the point that the mere fact that a Chief of Station reported that he had spent official funds constituted sufficient justification as to the official necessity and accordingly such disbursements should be accepted without question!

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5. We are cognizant of and continually try to eliminate weaknesses in the manner or effectiveness of the discharge of our responsibilities, whether they be of a procedural, policy or personality nature, as rapidly as they are identified. We like to feel, however, that our problems objectives and attitudes are evaluated without bias and in a positive effort to properly equate operational-support responsibilities. This could not be done during the subject contacts by the representative of the Inspector General who visited the Finance Division.

6. If you so desire, we will be glad to discuss the matter at your convenience.

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[REDACTED]  
E. R. SAUNDERS  
Comptroller

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